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MEMORANDUM FOR: The Director of Central Intelligence

25 October 1951

SUBJECT: PSB Budget

25X1A 1. The preliminary budget for the Psychological Strategy Board and its staff coming up for consideration at the PSB Meeting on Thursday, 25 October, involves [REDACTED] personnel. The budget statement submitted to the DCI does not show the functions to be carried out by those personnel. Query: What precisely are the functions being undertaken and have they, in fact, been approved by the Board?

2. At the inception of the Board, representatives of the agencies worked out a statement of the functions of the Director and his staff. In the discussions on this subject quite diverse views were revealed. On the one hand was the notion furthered by General Megruder to the effect that the PSB and, therefore, the Director and his staff should be in the nature of a super-agency, taking over to a considerable extent the planning and policy functions already the responsibility of one or more of the other agencies. On the other side was the view that the role of the Director and his staff should be primarily one of stimulating and pulling together the existing resources of the Government and pointing them more aggressively toward the psychological implementation of our foreign policy.

3. This Agency is not in possession of detailed functional and organizational information which would permit a solid recommendation regarding the PSB budget. It is understood, however, that such a paper is now in preparation in the PSB Staff. Pending receipt of that paper, it is believed that this budget proposal corroborates my estimate that the trend is toward the development of the super-agency concept. This opinion is based largely on evidence of the personal leanings of many of Mr. Gray's present staff and their theoretical and all-embracing method of approaching those portions of their work which have come to my attention. I understand that the State Department agrees with my estimate of the trend and shares my concern with it.

4. It is my belief that the development of a large organization in the PSB staff will inevitably encourage an unwarranted extension of its activities into the Government Departments concerned, will tend to increase the sheer bureaucracy which will have as a main function the production and movement of more and more paper, will deteriorate the existing agency responsibilities, and necessarily lead to demands for larger staffs in each agency.

25X1A 5. It would appear to me much wiser to restrict the PSB to a staff of not to exceed [REDACTED] until its functions are clearly defined and have been

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approved by the Board. This functional issue was passed over by the PSB several months ago on the theory that it was a difficult question and would work itself out. The answer which would be worked out, however, was predetermined by the selection of the particular individuals for [REDACTED] temporary staff. The trend is clear and if it is ever to be questioned, I suggest that the budget approval presents an excellent opportunity.

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Assistant Director,  
Intelligence Coordination

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